



**COUNCIL OF  
THE EUROPEAN UNION**



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## **Review of accounting requirements for companies**

The Council today<sup>1</sup> agreed on a general approach<sup>2</sup> for the review of the accounting rules applicable to EU companies ([11442/12](#)). The agreement paves the way for the start of negotiations with the European Parliament with a view to its swift adoption.

The key objectives of the review are:

- the reduction of administrative burden and the application of simplified accounting rules, particularly for small and medium-sized enterprises (SMEs);
- to increase the clarity and comparability of financial statements; and
- to enhance transparency on payments made to governments by the extractive industry and loggers of primary forest.

The proposal for an obligation to report on payments made by the extractive industry and loggers of primary forest to governments (also referred to as country-by-country reporting) is part of the Commission's "socially responsible business" strategy. It is included in the draft directive that will replace the current "accounting directives".

Under the general approach, large undertakings and public-interest entities which are active in the extractive industry or logging of primary forests should disclose payments made to governments in the countries in which they operate if the total amount of payments exceeds EUR 500 000. Such undertakings are active in countries rich in natural resources, in particular minerals, oil, natural gas as well as primary forests.

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<sup>1</sup> The decision was taken without discussion at a meeting of the Employment/Social Policy/Health/Consumer/Affairs Council.

<sup>2</sup> A general approach is an agreement on the essential elements of a legal act, pending the opinion of the European Parliament.

# **P R E S S**

The new draft directive, which was presented in October 2011 ([16250/11](#)), will modernize the "accounting directives". This is one of the priority actions of the Single Market Act for growth creation to be adopted by the Council and the European Parliament in 2012.

The accounting directives deal with the annual and consolidated financial statements of limited liability companies in Europe. These are:

- the Fourth Council Directive on the annual accounts of certain types of companies (78/660/EEC), of 25 July 1978, and
- the Seventh Council Directive on consolidated accounts (83/349/EEC), of 13 June 1983.

*See also statement by the Danish Presidency:*

<http://eu2012.dk/en/NewsList/Juni/Uge-25/Accounting>

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